

**MINUTES OF THE REGULAR MEETING OF THE  
ARIZONA STATE RETIREMENT SYSTEM BOARD**

**HELD ON  
Friday, April 19, 2002  
8:30 a.m., MST**

The Arizona State Retirement System (ASRS) Board met in the 10<sup>th</sup> Floor Board Room of the ASRS office at 3300 North Central Avenue, Phoenix, Arizona 85012. Mr. Norman Miller, ASRS Board Vice-Chairman, called the meeting to order at 8:31 a.m., MST.

The meeting was teleconferenced to the ASRS office, 7660 East Broadway Boulevard, Suite 108, Tucson, Arizona 85710.

**1. Call to Order; Roll Call.**

Present: Mr. Norman Miller, Vice Chairman  
Ms. Charlotte Borchert  
Dr. Chuck Essigs  
Ms. Bonnie Gonzalez  
Mr. Alan Maguire  
Mr. Karl Polen  
Mr. Ray Rottas  
Mr. Carl Tenney

Excused: Mr. Jim Bruner, Chairman

A quorum was present for the purpose of conducting business.

Mr. Norman Miller, Vice Chairman, asked that the record reflect that Mr. Jim Bruner was unable to attend due to important business for a university board on which he also serves.

**2. Approval of Minutes of the March 15, 2002, Regular Meeting of the ASRS Board.**

**Motion:** Mr. Alan Maguire moved to approve the minutes of the March 15, 2002, regular meeting of the ASRS Board as distributed.

Dr. Chuck Essigs seconded the motion.

By a vote of 8 in favor, 0 opposed, 0 abstentions, 1 excused, the motion was approved.

### 3. Board Approval of Consent Schedule.

**Motion:** Mr. Alan Maguire moved that the ASRS Board approve the summary report of Retirements, Refunds and Death Benefits, Transfer Requests, and applications and agreements with the following employers:

- Montezuma-Rimrock Fire District
- James Sandoval Preparatory High School

Mr. Ray Rottas seconded the motion.

By a vote of 8 in favor, 0 opposed, 0 abstentions, 1 excused, the motion was approved.

### 4. Presentation, Discussion and Appropriate Action Regarding the ASRS Defined Contribution (DC) Plan Request for Proposal (RFP).

Mr. Alan Maguire, Chairman, DC Plan Board Committee, reported that the committee is seeking clarification from some of the respondents to the DC Plan RFP. The committee will make a recommendation to the full Board as soon as possible.

Mr. Norman Miller thanked Mr. Maguire and the committee, which consisted of Board members, ASRS employers and members, and staff for their efforts to initiate the DC Plan for active members.

### 5. Director's Report.

Mr. Tom Finnerty, Legislative Liaison, provided a progress report on ASRS-related bills that are still active.

- The ASRS staff worked with representatives and legislative staff to withdraw **SB 1095 (ASRS; conforming changes; federal law)** from the House Appropriations Committee. Staff also spoke with the chair of the House Rules Committee to get the bill on the next committee agenda. There is an emergency enactment on the bill to help it move quickly.
- The House Retirement and Government Operations Committee amended **SB1004 (ASRS; spousal consent)** to allow retirees who have selected a life certain option to "pop up and down." According to the ASRS actuary, this amendment would increase the contribution rate by 0.03% and have a cost of \$469,000 over the next 17 years. Because of that cost, the bill was assigned to House Appropriations. Mr. Richard Stephenson, Deputy Director, External Operations, reported that although the sponsor is willing to withdraw the amendment in conference committee, the bill may have difficulty getting out of the House.
- **SB 1239 and HB 2558 (retirees; health insurance; enhanced subsidy)**, which extend the rural health insurance supplement for one year and provide a subsidy for out-of-state retirees, are both still moving in the respective chambers. Mr. Stephenson noted that because the one-year extension of the supplement bears a cost to the general fund, that provision may be taken out and the extension can be addressed by the next legislature. Mr. Ray Rottas asked if there was a difference in the health insurance benefits for members who do not live in Arizona. Mr.

Stephenson replied that there is no difference in the supplement, and the monthly average benefit paid out is \$242.

Mr. Finnerty also reported that Representative Brimhall has asked staff to come up with alternatives that would provide a retirement incentive window and save the state \$20 million, without any additional cost. The ASRS actuary and staff have looked at several scenarios and, to date, have been unable to come up with a program that meets the criteria.

Dr. Chuck Essigs asked if the Internal Revenue Service had sent a letter of determination regarding the Deferred Retirement Option Program (DROP). Mr. Anthony Guarino, Deputy Director and Chief Operations Officer, responded that the IRS has not provided a projected completion date.

## **6. Board Requests for Agenda Items.**

There were no requests for agenda items.

## **7. Call to the Public.**

Dr. Harry Norris, of San Luis, commented that it is difficult for members in the rural areas to communicate with the Board and suggested meetings be teleconferenced to rural areas. He also expressed concern about the current long-term disability provider and asked about participation in a Health Insurance Advisory Committee.

Mr. Norman Miller requested that staff study the cost and means of teleconferencing meetings throughout the state and report the findings at a future Board meeting.

Mr. Anthony Guarino clarified that the Health Insurance Advisory Committee is not a Board committee, but rather made up of staff and members of the public, and is not subject to open meeting laws. The committee is intended to open up the channels of communications with all members, and the ASRS is willing to speak with all members who are interested in participating.

Mr. Miller asked how frequently and where notices of meetings subject to the open meeting laws are posted. Ms. Maurah Harrison, Board Secretary, responded that the laws require the notices be posted 24 hours in advance of the meeting. Generally, the ASRS has Board and committee agendas posted one week in advance. The notices are posted on the ASRS Web site, at the Tucson office, and on the 14<sup>th</sup> and 1<sup>st</sup> floors of the Phoenix office.

Mr. Miller suggested that any meetings that members could and should participate in should be also posted on the Web site.

Ms. Gonzalez commented that, as the Board representative of state employees, members are free to contact her directly regarding any questions or concerns they may have.

**8. The next ASRS Board meeting is scheduled for Friday, May 17, 2002, at 8:30 a.m. in the 10<sup>th</sup> Floor Board Room of the ASRS office at 3300 N. Central Avenue, Phoenix, Arizona 85012.**

**9. Adjournment of the ASRS Board.**

Mr. Norman Miller adjourned the April 19, 2002, meeting of the ASRS Board at 8:54 a.m.

Respectfully submitted,

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Maurah Harrison, Secretary

Date

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LeRoy Gilbertson, Director

Date